

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Balance Sheets
as of 30 September 2008 and 31 December 2007
(TRY)

	Notes	30 September 2008	31 December 2007
ASSETS			
Current Assets		607,482,243	525,998,769
Cash and Cash Equivalents	2.4	52,872,641	59,673,800
Trade Receivables			
- Other Trade Receivables	2.7	341,618,016	269,866,257
- Trade Receivables Due from Related Parties	2,7,25	9,271,100	10,221,945
Other Receivables	8.0	40,093,852	35,817,496
Inventories	3	119,995,832	122,477,207
Other Current Assets	15	43,630,802	27,942,064
Non - Current Assets		471,380,572	386,284,762
Trade Receivables	2.7	10,259,727	2,725,342
Other Receivables	8	9,417	9,357
Financial Assets	2.5	7,999,781	8,063,363
Tangible Assets	2	424,866,646	364,572,040
Intangible Assets	2.11	3,029,874	3,164,486
Goodwill	2.12	5,988,651	5,988,651
Other Non-Current Assets	15	19,226,476	1,761,523
Total Assets		1,078,862,815	912,283,531

The accompanying notes form an integral part of these consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Balance Sheets
as of 30 September 2008 and 31 December 2007
(TRY)

	Notes	30 September 2008	31 December 2007
LIABILITIES			
Short Term Liabilities		286,432,556	222,577,686
Financial Liabilities	2.6	92,664,329	80,170,450
Trade Payables			
- Other Trade Payables	3	139,402,862	108,086,416
- Trade Payables Due to Related Parties	2,7,25	25,525,763	18,005,949
Other Payables	8.0	2,630,244	2,937,298
Taxes Payable on Profit for the Period	2,13,23	703,392	380,467
Debt Provisions	2.13	3,933,915	3,752,040
Other Short Term Liabilities	15	21,572,051	9,245,066
Long Term Liabilities		124,596,246	48,505,611
Financial Liabilities	2.6	98,614,212	21,650,550
Provisions Related to			
Employee Benefits	2.1	9,797,325	9,592,710
Deferred Tax Liability	2.2	16,184,709	17,262,351
EQUITY		667,834,013	641,200,234
Parent Company Equity		653,895,821	625,444,617
Paid in Capital	16	110,000,000	110,000,000
Capital Adjustment Differences	16	255,174,673	255,174,673
Issue Premium	16	43,606	43,606
Değer Artış Fonları	16	-	-
Translation Differences	16	-	-
Restricted Profit Reserves	16	42,776,591	16,579,576
Retained Earnings/(Accumulated Losses)	16	217,449,747	238,916,635
Net Profit/(Loss) for the Period		28,451,204	4,730,127
Minority Interests	2.16	13,938,192	15,755,617
Total Liabilities and Equity		1,078,862,815	912,283,531

The accompanying notes form an integral part of these consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Statements of Income
for the nine month periods ended
30 September 2008 and 2007
(TRY)

		1 January 2008 -	1 July 2008 -	1 January 2007 -	1 July 2007 -
	Notes	30 September 2008	30 September 2008	30 September 2007	30 September 2007
INCOME FROM PRINCIPAL ACTIVITIES					
Sales Income	17	700,058,426	231,419,222	694,473,861	47,952,999
Cost of Sales (-)	17	(642,350,204)	(217,862,532)	(647,050,262)	(33,863,264)
GROSS PROFIT/ (LOSS)		57,708,222	13,556,690	47,423,599	14,089,735
Marketing, Sales and Distribution Expenses (-)	18	(1,356,850)	(454,418)	(1,198,652)	884,465
General Administration Expenses (-)	18	(27,041,399)	(8,947,781)	(29,744,919)	5,180,174
Research and Development Expenses (-)	18	(7,204,825)	(3,284,368)	(4,140,306)	(1,110,881)
Other Operating Income	20	8,572,668	1,589,863	31,954,948	9,610,371
Other Operating Expenses (-)	20	(3,125,498)	(697,692)	(2,968,779)	3,294,805
OPERATING PROFIT / (LOSS)		27,552,318	1,762,294	41,325,891	31,948,669
Financial Income	21	58,303,560	7,518,063	66,729,616	8,171,287
Financial Expenses (-)	22	(49,353,840)	(8,603,207)	(92,188,668)	(24,147,914)
PROFIT/(LOSS) ON PRINCIPAL ACTIVITIES BEFORE TAX		36,502,038	677,150	15,866,839	15,972,042
Tax Income /(Expense) for the Period	2,13,23	(7,739,410)	(704,667)	(2,244,590)	(633,902)
Deferred Tax Income / (Expense)	2.23	1,077,642	600,763	716,686	(12,362,235)
Tax Income/(Expense) on Principal Activities	2.23	(6,661,768)	(103,904)	(1,527,904)	(12,996,137)
PROFIT / (LOSS) FOR THE PERIOD					
ON PRINCIPAL ACTIVITIES		29,840,270	573,246	14,338,935	2,975,905
PROFIT/(LOSS) FOR THE PERIOD		29,840,270	573,246	14,338,935	2,975,905
Distribution of Profit/(Loss) for the Period					
Minority Interest		1,389,066	299,884	2,443,643	(3,821,363)
Parent Company Shares		28,451,204	273,362	11,895,292	6,797,268
Earnings/(Loss) Per Share of the Parent Company	2.24	0.26	0.00	0.11	0.06

The accompanying notes form an integral part of these consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Statements of Shareholders' Equity
for the nine month periods ended 30 September 2008 and 2007
(TRY)

	Paid-in Capital	Capital Adjustment Differences	Translation Differences	Issue Premiums	Restricted Profit Reserves	Retained Earnings / (Accumulated Losses)	Net Profit/ (Loss) for the Period	Parent Company Equity	Minority Interests	Total
Balance as at 01 January 2007	110,000,000	255,174,673	(671,965)	43,606	11,810,708	234,661,468	61,538,660	672,557,150	417,588,759	1,090,145,909
Transfer	-	-	-	-	-	61,538,660	(61,538,660)	-	-	-
Transfer to reserves	-	-	-	-	4,768,868	-4,768,868	-	-	-	-
Dividend payments	-	-	-	-	-	(17,633,957)	-	-17,633,957	-5,925,822	-23,559,779
Effect of subsidiary included in the consolidation on the rate change	-	-	-	-	-	(716,656)	-	-716,656	-9,807,741	-10,524,397
Effect of subsidiary excluded from consolidation	-	-	671,965	-	-	(34,164,012)	-	-33,492,047	389,145,705	-422,637,752
Profit for the period	-	-	-	-	-	-	11,895,292	11,895,292	2,443,643	14,338,935
Balance as at 30 September 2007	110,000,000	255,174,673	-	43,606	16,579,576	238,916,635	11,895,292	632,609,782	15,153,134	647,762,916
Balance as at 01 January 2008	110,000,000	255,174,673	-	43,606	16,579,576	238,916,635	4,730,127	625,444,617	15,755,617	641,200,234
Transfer	-	-	-	-	26,197,015	(21,466,888)	(4,730,127)	0	0	0
Dividend payments	-	-	-	-	-	-	-	0	(3,206,491)	(3,206,491)
Profit for the period	-	-	-	-	-	-	28,451,204	28,451,204	1,389,066	29,840,270
Balance as at 30 September 2008	110,000,000	255,174,673	-	43,606	42,776,591	217,449,747	28,451,204	653,895,821	13,938,192	667,834,013

The accompanying notes form an integral part of these consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.
Consolidated Statements of Cash Flows for the nine month
periods ended 30 September 2008 and 2007
(TRY)

	Notes	30 September 2008	30 September 2007
A. CASH FLOWS FROM PRINCIPAL ACTIVITIES			
Net profit (+) / loss (-) before tax		36,502,038	15,866,839
<i>Adjustments:</i>			
Depreciation (+)		26,510,488	27,954,876
Provisions for employee benefits		351,998	477,188
Debt provisions		34,492	(10,322,835)
Other provisions		-	(14,252,303)
Income (-) on marketable securities or long term investments		(2,467,108)	(5,460,938)
(Profit) / loss on sales of fixed assets		(315,121)	(13,756)
Interest expense (+)		2,494,107	2,617,526
Net Income Before Working Capital Changes (+)		63,110,894	16,866,597
Increase (-) / decrease (+) in trade receivables		(78,335,299)	110,715,912
Increase (-) / decrease (+) in inventories		4,285,234	43,279,808
Increase (-) / decrease (+) in other receivables		(4,276,417)	9,723,055
Increase (-) / decrease (+) in other assets		(15,688,739)	64,394,321
Increase (+) / decrease (-) in trade payables		38,836,260	(26,294,527)
Increase (+) / decrease (-) in other payables		(307,054)	(2,413,521)
Borç ve gider karşılıklarındaki artış (+)		-	-
Increase (+) / decrease (-) in other liabilities		12,326,985	(59,929,324)
Interest payments (-)		(1,165,411)	(1,964,553)
Tax payments (-)		(7,416,485)	(4,992,409)
Net cash (used in) / provided from principal activities		11,369,968	149,385,359
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition (-)/disposal (+) of financial assets, net		63,582	10,697,976
Increase (-) / decrease (+) in goodwill		-	16,560,346
Acquisition of tangible assets (-)		(89,307,466)	(68,557,780)
Acquisition of intangible assets (-)		(167,221)	(86,878)
Cash inflows from sales of tangible and intangible assets (+)		1,315,469	14,407
Tangible and intangible assets of companies excluded from consolidation		-	406,818,686
Increase (-) / decrease (+) in other non-current assets		(17,464,953)	31,246,757
Interest received (+)		2,467,108	5,460,938
Net cash provided from/(used in) investing activities		(103,093,481)	402,154,452
C. CASH FLOWS FROM FINANCIAL ACTIVITIES			
Cash inflows / (outflows) related to short and long term liabilities		88,128,845	(199,767,939)
Dividends Paid (-)		(3,206,491)	(17,633,957)
Effect of subsidiary excluded from consolidation		-	(50,031,306)
Effect of rate change in subsidiary included in the consolidation		-	(716,656)
Effect of change in minority interest		-	(404,879,268)
Net cash (used in) / provided from financial activities		84,922,354	(673,029,126)
Increase / (decrease) in cash and cash equivalents		(6,801,159)	(121,489,315)
Cash and cash equivalents at the beginning of the period	2.4	59,673,800	191,938,804
Cash and cash equivalents at the end of the period	2.4	52,872,641	70,449,489

The accompanying notes form an integral part of these consolidated financial statements.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Notes to the Interim Consolidated Financial Statements for the nine months period ended 30 September 2008

1. Organization and Principal Activities

Aksa Akrilik Kimya Sanayii A.Ş. (the Parent Company) is a company incorporated in Istanbul whose principal activities are the production of acrylic based tow, fiber and tops. Its subsidiaries mainly operate in textiles, chemistry, investment, and foreign trade sectors. The Parent Company's affiliates and subsidiaries comprise of the following companies:

<u>Parent Company:</u>	<u>Sector</u>
Aksa Akrilik Kimya Sanayii A.Ş. - Turkey	Chemistry
<u>Subsidiaries:</u>	
Ak-Pa Tekstil İhracat Pazarlama A.Ş. – Turkey *	Marketing
Ak-Tops Tekstil Sanayi A.Ş. – Turkey *	Textiles
Fitco BV – the Netherlands **	Investment
Aksa Egypt Acrylic Fiber Industry SAE – Egypt **	Textiles
Akgirişim Kimya ve Ticaret A.Ş. **	Chemistry

* Included in the consolidated financial statements in accordance with the full consolidation method.

** Stated in the consolidated financial statements at cost.

The address of the Parent Company's head office is as follows:

Miralay Şefik Bey Sok. No: 15 Akhan 34437 Gümüşsuyu / İstanbul – Turkey

The Parent Company and its subsidiaries are companies included in the Akkök Group.

The Parent Company is registered at the Capital Markets Board and 37,82 % of its shares are traded at the Istanbul Stock Exchange.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Notes to the Interim Consolidated Financial Statements for the nine months period ended 30 September 2008

1. Organization and Principal Activities (continued)

As of 30 September 2008 and 31 December 2007, the shareholding structure of the Parent Company is as follows:

<u>Name</u>	<u>Shareholding</u>
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58 %
Emniyet Tic. ve San. A.Ş.	18,72 %
Other *	<u>41,70 %</u>
	<u>100,00 %</u>

* Represents shareholdings of less than 10%.

As of 30 September 2008, the average number of employees is 905 (31 December 2007 – 911).

2. Presentation of the Financial Statements

i. Basis of Presentation:

The Parent Company and its Subsidiaries maintain their books of account and prepare their statutory financial statements in New Turkish Liras (TRY) in accordance with the prevailing commercial and financial legislation. The accompanying financial statements are prepared in accordance with the Capital Markets Board (CMB) Communiqué Nr. XI/29 “Communiqué Related to the Financial Reporting Principles at the Capital Markets”. This Communiqué has come into force starting with the first interim financial statements subsequent to 1 January 2008 and bears in its Article 5 the provision stating that the enterprises subject to CMB apply the International Accounting / Financial Reporting Standards as accepted by the European Union (EU) which is compliant with the Turkish Accounting / Financial Reporting Standards (TAS/TFRS), issued by the Turkish Accounting Standards Board (TASB). Furthermore, in the provisional Article 2 of the same Communiqué it is stated that the IAS/IFRS are to be applied until the differences between the IAS/IFRS accepted by the European Union and those issued by the International Accounting Standards Board (IASB) are published by the TASB and as a consequence of this, it is promulgated that TAS/TFRS which are in full compliance with IFRS will be the basis of all financial statements.

However, the Turkish Accounting Standards Board (“TASB”) has not issued the differences between the IAS/IFRS that are accepted by the EU and the actual IAS/IFRS issued by the International Accounting Standards Board (“IASB”) yet; and therefore the accompanying financial statements are prepared in accordance with the IAS/IFRS which are in full compliance with the TAS/TFRS issued by the TASB. As required by the TFRS1, comparative financial statements are prepared on the same basis. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying financial statements in order to comply with the TAS/TFRS.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Notes to the Interim Consolidated Financial Statements for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

i. Basis of Presentation (continued):

The accompanying financial statements and explanatory notes are presented in accordance with the mandatory formats and principles announced by CMB in its Weekly Bulletin dated 14-18 April 2008 Nr. 2008/16.

The Company's financial statements prepared as of 30 September 2008 in accordance with the Communiqué Nr. XI/29 have been approved by the Board of Directors at 19 November 2008.

The Company retains the power to change its interim financials by Board resolution and the General Assembly retains the power to change the annual financial statements.

ii. Adjustment of Financial Statements During Hyper-Inflationary Periods:

TAS 29 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. As per the resolution of the CMB dated 17 March 2005 Nr 11/367 the application of inflation adjustment of the financial statements has ended in 2005, hence the accompanying financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004.

The restatement of the accompanying financial statements in Turkish Lira as at 31 December 2004 are calculated by means of conversion factors derived from the countrywide wholesale price index published by the Turkish Statistical Institute (TSI). Such indices and conversion factors are as follows:

<u>Date</u>	<u>Index</u>	<u>Conversion Factor</u>
31 December 2001	4.951,7	1,70
31 December 2002	6.478,8	1,30
31 December 2003	7.382,1	1,14
31 December 2004	8.403,8	1,00

The following principles have been applied in the preparation of the restated financial statements as of 31 December 2004:

- Financial statements are stated in terms of the measuring unit current at 31 December 2004 and the corresponding figures for the previous periods are restated in the same terms.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Notes to the Interim Consolidated Financial Statements for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

ii. Adjustment of Financial Statements During Hyper-Inflationary Periods (continued):

- Non-monetary assets and liabilities are restated by applying the relevant conversion factors.
- The effect of general inflation is included in the statement of income as “Net Monetary Gain / (Loss)”

Additions to non-monetary items subsequent to 1 January 2005 are stated at their nominal values.

iii. Consolidation Principles :

Consolidation is realized within the Parent Company, Aksa Akrilik Kimya Sanayii A.Ş. and the direct and indirect shareholdings of the Parent Company within its subsidiaries are as follows :

	<u>30 September 2008</u>	<u>31 December 2007</u>
<u>Subsidiaries</u>		
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (1)	13,47 %	13,47 %
Ak-Tops Tekstil San. A.Ş. (1)	60,00 %	60,00 %
Fitco BV (2)	100,00 %	100,00 %
Aksa Egypt Acrylic Fiber Industry SAE (2)	99,14 %	99,14 %
Akgirişim Kimya ve Ticaret A.Ş. (2)	58,00 %	58,00 %

(1) Stated in the accompanying consolidated financial statements as per the full consolidation method.

(2) Stated in the accompanying consolidated financial statements at cost due to its immaterial effect.

	<u>30 September 2008</u>	<u>31 December 2007</u>
<u>Affiliates</u>		

Ak-Han Bakım Yönt. Serv. Hizm. Güven. Malz. A.Ş. *	-	33,33 %
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- * Sold at 16 July 2008. As it has immaterial effect on the consolidated financial statements as of 31 December 2007, it is stated in the accompanying financial statements at cost.

Subsidiaries and affiliates are classified as financial assets available for sale representing shareholdings in which the direct and indirect votes of the Parent Company is below 20% or with insignificant influence even if above 20%, or those that do not have material effect on financial statements, or are not traded in the active markets or whose fair values cannot be determined reliably, are recognised at their restated cost values, less provision for value decrease, if any.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

iii. Consolidation Principles (continued):

Consolidated financial statements have been prepared on the basis of principles stated below:

Full Consolidation Method :

- All balance sheet items except for the paid in capital of the Parent Company and its Subsidiaries and their equities at the acquisition date are added, and inter-company balances are eliminated.
- The Parent Company's interest in the subsidiaries is set off against the Long Term Financial Assets account of the Parent Company and the Share Capital accounts of the Subsidiaries.
- As of the acquisition date, the Parent Company's shareholding in its subsidiaries is offset against the portion of share capital it owns in the subsidiary's equity for one time only. The equity of the subsidiary at the acquisition date should be drawn up according to the market value of the subsidiary's net assets at that date. The difference that appears in favor of the recorded value is recognized as positive goodwill in the consolidated balance sheet as a separate item and that which appears against the recorded value is recognized as negative goodwill in the statement of income. The Parent Company has taken over at a total price of TRY 16.250.000,00 the participation shares of TRY 1.000.000 nominal value representing 50% of the share capital of Aktops Tekstil Sanayi A.Ş., a company under the ownership of Akkök Sanayi Yatırım ve Geliştirme A.Ş., with a share capital of TRY 2.000.000 which is directly related to the Parent Company's principal activities and which makes exclusive custom manufacturing for the Parent Company and whose share transfer fee has been determined by the Valuation Report submitted by İş Yatırım Menkul Değerler A.Ş. as of 8 June 2007.
- As the cost of acquired subsidiary is higher than the value of shares stated among equities in the balance sheets prepared in accordance with TAS/IFRS at the acquisition dates of the subsidiaries, a total positive goodwill of TRY 5.988.651 has been created (Note 12). In the event of any value decrease related to the goodwill amount, it is reflected to the statement of income. A value decrease test is performed at the same date of each year in order to determine if there is any value decrease in the goodwill.
- Minority interests are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Minority Interests" in the Equity Section of the consolidated balance sheet and in the consolidated statement of income, as an item separated from the Parent Company's equity share.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

iii. Consolidation Principles (continued):

Full Consolidation Method (continued):

- The purchase and sales among the Parent Company and its Subsidiaries and the profit and losses arising from these transactions are eliminated in the Consolidated Income Statement. Profit and losses arising from the purchase or sale of marketable securities, inventories, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

iv. Adjustments :

The accompanying consolidated financial statements have been prepared in accordance with the TAS/TFRS with the below mentioned adjustments which are not stated in the statutory records:

- Rediscount calculation on post-dated cheques, notes receivable, customers, notes payable, suppliers, and loans
- Depreciation adjustment
- Deferred tax adjustment
- Provision for litigation
- Provision for termination indemnity and vacation
- Forward interest accrual
- Elimination of inter-group balances and transactions as per the consolidation procedure

v. Comparative Information and Adjustment of Prior Period Financial Statements:

Consolidated balance sheets as of 30 September 2008 and 31 December 2007 and notes to the balance sheets as well as the consolidated statements of income, changes in equity, and cash flows for the nine month periods ended 30 September 2008 and 2007 have been presented comparatively. The below mentioned investment sales should be taken into consideration in the valuation of the said comparative consolidated financial statements. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary. The goodwill amortization reversed in accordance with the TAS/TFRS has increased the profit for the period in the year ended 31 December 2007 and the nine months period ended 30 September 2007 by TRY 199.623 and TRY 49.906 respectively, and increased the retained earnings by TRY 76.697 as of 31 December 2007.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

v. Comparative Information and Adjustment of Prior Period Financial Statements (continued):

From the participation shares of the affiliate Akenerji Elektrik Üretim A.Ş. with TRY 10.174.535,00 nominal value, a portion of TRY 8.269.864,00 has been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. and a portion of TRY 1.904.671,00 has been sold to Emniyet Ticaret ve Sanayi A.Ş. on ISE Wholesale Market via İş Yatırım Menkul Değerler A.Ş. at a unit value of TRY 5,60 and the sales transaction has been realized on 6 July 2007. As per the legal records, a total income of TRY 56.977.396 and a total profit of TRY 34.929.353 have been obtained upon sales of 10.174.535 participation shares owned by the Parent Company. The sales price has been collected as of 10 July 2007. 25% of the sales profit has been added onto the taxable Operating Income for the Period, and 75% has been recognized within the “Income on Sales of Participation Shares and Properties” account as profit reserve in the Changes in Equity Account Group as per the Article 5(e) of the Corporation Tax Law.

The participation shares of the affiliate Ak-Al Tekstil Sanayii A.Ş. with TRY 6.630.825,00 nominal value has been sold to Aksu İplik Dokuma ve Boya Apre Fabrikaları Türk A.Ş. on ISE Wholesale Market via İş Yatırım Menkul Değerler A.Ş. at a unit value of TRY 1,75 and the sales transaction has been realized on 6 July 2007. As per the legal records, a total income of TRY 11.603.943,75 has been obtained upon sales of 6.630.825 participation shares owned by the Parent Company and due to inflation adjustment no sales profit has been calculated.

A total of 152.468.983 participation shares at a total nominal value of TRY 1.524.689,83 owned by the company Ak Havacılık ve Ulaştırma Hizmetleri A.Ş., an affiliate of the Parent Company, which correspond to 7,33% of the company share capital has been sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. as per the valuation report prepared by Kapital Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. at a total value of TRY 2.748.176,00 and the sales transaction has been realized on 18 September 2007. As per the legal records, a total income of TRY 1.223.486,17 has been obtained upon sales of 152.468.983 participation shares owned by the Parent Company and due to inflation adjustment no sales profit has been calculated.

vi. Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the company has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

vii. Accounting Policies, Changes and Errors in Accounting Estimates:

The Company has applied its accounting policies consistent with the prior year. Significant changes in the accounting policies and significant accounting errors are applied retroactively and the prior period financials are re-prepared. In the event that the changes in the accounting estimates are related to one period only, they are applied only to the period in which the change has been made; however, if they are related to the future periods, they are applied both to the period in which the change has been made and the future periods.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied:

(a) Financial Instruments:

Financial instruments consist of the financial assets and liabilities stated below :

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances on hand, bank accounts, and cheques received.

Cash is composed of New Turkish Lira and foreign currency balances. The New Turkish Lira balances are stated at face values, and the foreign currency balances are translated into New Turkish Lira at the foreign exchange rate issued by the Central Bank as at the balance sheet date.

Bank accounts consist of demand and time deposit accounts and the related interest accrued. New Turkish Lira deposit accounts are stated at face values and foreign currency accounts are translated into New Turkish Lira at the foreign currency purchasing rate issued by the Central Bank as at the balance sheet date.

The cheques received with maturity dates exceeding the balance sheet date are stated in trade receivables and are rediscounted at a rate equivalent to the interest rate of government bonds constituted in stock markets or other organized markets.

Fair Value

As the foreign currency cash and cash equivalents are translated into New Turkish Lira at the foreign exchange rates valid at the balance sheet date, it is assumed that the fair values of these assets approximate to their book values.

As the deposit accounts, cash and cheques received are converted into cash in very short terms, and as there is no risk of value decrease, their book values are deemed to approximate to their fair values.

ii. Trade Receivables

Trade receivables are financial assets created by the Parent Company and its subsidiaries through selling goods and services directly to the customers. Trade receivables and post dated cheques are subject to rediscount.

Fair Value

Discounted trade receivables and doubtful receivables for which provisions are accrued are assumed to approximate to the fair values of these assets.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(a) Financial Instruments (continued) :

iii. Related Parties

The shareholders, board members and administrative personnel such as the general manager, their immediate relatives as well as the related companies, affiliates and partnerships of the Parent Company and its subsidiaries are regarded as related parties.

Transactions with the related parties in connection with the Company's principal activities are realized at prices in line with the prevailing market conditions.

iv. Trade Payables

Trade payables are financial liabilities created through acquiring goods and services directly from the suppliers.

Fair Value

The discounted value of trade payable are assumed to approximate to their fair values.

v. Short and Long Term Bank Loans

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the balance sheet date, discounted as per the effective interest method.

Fair Value

The fair value of the short and long term bank loans is assumed to be equivalent to the recorded values computed by adding the accrued interest liabilities calculated over the prevailing interest rate as of the balance sheet dates on the cost of the mentioned financial debts.

vi. Financial Derivative Instruments

The Parent Company enters into forward contracts with the objective to hedge against foreign currency risk arising from its operational and financial activities. The current value of outstanding contracts is calculated by using internal pricing models and the unrealized foreign exchange gains/losses are recognized in the statement of income.

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Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(b) Inventories:

Inventories are stated at the lower of cost or net realisable value. Cost is determined by weighted average cost method.

(c) Financial Investments:

The Parent Company has classified its financial investments as financial assets available for sale.

Financial assets available for sale consist of financial investments other than operating loans and receivables, and financial assets held until maturity and for trading purposes. Financial assets available for sale are valued at their fair value in the period following the initial recording. Financial assets available for sale in which the direct and indirect votes of the Parent Company is below 20% or with insignificant influence even if above 20%, or those that do not have material effect on financial statements, or are not traded in the active markets or whose fair values cannot be determined reliably, are recognised at their cost values, less provision for value decrease, if any.

Financial investments do not have a market value and are recognized at their unit values restated as of 31 December 2004, less provision for value decrease, if any.

(d) Tangible Assets :

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any.

Tangible assets have been restated using the measuring unit current at 31 December 2004 from the dates of acquisition. Additions made subsequent to 1 January 2005 are stated at their nominal values. Tangible assets are depreciated over their inflation-adjusted values by straight-line method and the nominal values of additions subsequent to 1 January 2005 as per their useful lives stated below :

Buildings	5-50 years
Land improvements	2-50 years
Machinery, plant and equipment	3-20 years
Motor vehicles	4- 8 years
Furniture and fixtures	2-50 years
Other tangible assets	5 years

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(e) Intangible Assets :

Intangible assets are stated at cost less their accumulated amortisation and impairment loss, if any.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. Intangible assets are amortized over their inflation-adjusted values and the nominal values of additions subsequent to 1 January 2005, as per their useful lives stated below :

Rights	3-40 years
Special costs	1-5 years
Other intangible assets	3-5 years

(f) Assets and Liabilities in Foreign Currency :

Assets and liabilities in foreign currency are translated into New Turkish Lira at foreign exchange rates announced by the Turkish Central Bank as at the balance sheet dates. Transactions in foreign currencies during the period are translated into New Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses resulting from such translations are included in the statements of income.

(g) Impairment of Assets:

In case where the book value of an asset exceeds its recoverable value, a provision for impairment loss is made so as to bring the book value of the asset down to the level of its fair value and the provision is recorded in the income statement as expense.

On the other hand, the recoverable value of cash generating assets is the higher of net selling price and the value in use. The value in use of those assets represents the net present value of net cash inflows to be acquired through continuous usage and sales of the assets, discounted at a reasonable discount rate.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(h) Deferred Taxes :

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS/IFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Company will have taxable income during the future periods.

An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

(i) Income Taxes :

Corporate earnings are subject to corporation tax at a rate of 20%. In case investment allowance is deducted in the calculation of taxable income, same as with other profits exempted from corporation tax, no withholding calculation is required in cases where such earnings are not distributed. However in case the investment allowance used is based on the supplementary articles 1 and 6 of the Income Tax Law (ITL) which have been annulled by Law nr 4842, income tax withholding, whether distributed or not, is calculated at a rate of 19,8% according to the Provisional Articles 61 and 69 of ITL. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(i) Income Taxes (continued):

For those benefiting from investment allowance according to the provisional article 69 of the Income Tax Law, the corporation tax and corporate provisional tax rate is 30%.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the inflation adjustment application which started in 2004 has ended as the increase in the wholesale price indices for the last 36 months and the last 12 months ended March 2005 are below 100% and 10%, respectively. Also, in the 2008 and 2007 accounting periods, the criteria of 100% and 10% have not been realized simultaneously in the Producers Price Index and for that reason no inflation adjustment has been applied.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

As of 30 September 2008 and 31 December 2007, income tax provisions have been made in accordance with the prevailing tax legislation.

(j) Provision for Termination Indemnity :

Under Turkish Labour Law Article 25/II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TRY 2.173,19 in respect of each year of service as of 30 September 2008 (31 December 2007 – TRY 2.030,19).

The Company has determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in TAS 19 “Employee Benefits”. As the characteristics of the termination indemnity liabilities are similar to the “Post Employment Benefit Plans” stated in this section, these liabilities are calculated and stated in the financial statements on the basis of below mentioned “Proposed Unit Loan Method” and other various assumptions.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(j) Provision for Termination Indemnity (continued):

- The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.
- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or the value of the termination indemnity upper limit determined by the Labour Law for 30 September 2008 and 31 December 2007 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 5,71% (31 December 2007- 5,71%) calculated upon the assumption that the expected annual inflation rate will be 5 % (31 December 2007 – 5%) and the expected discount rate will be 11% (31 December 2007 – 11%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.
- Actuarial calculation is needed to determine the ratio of the employees to gain their right for receiving termination indemnity to the total number of employees. This calculation is made through determining the ratio of former Company personnel who received their termination indemnity rights to the total number of personnel.

As of 30 September 2008 and 31 December 2007 actuarial assumptions for calculating termination indemnity are as follows:

	<u>30 September 2008</u>	<u>31 December 2007</u>
Discount rate	5,71 %	5,71 %
The ratio of the number of employees who have gained the right to receive termination indemnity in the prior years to the total number of employees	100 %	100%

(k) Revenues and Expenses:

The accrual basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

(l) Earnings / (Loss) per Share:

Earnings / (loss) per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(l) Earnings / (Loss) per Share (continued)

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustments in equity to their current shareholders on a pro rata basis. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retroactive application with respect to bonus shares.

(m) Accounting Estimates :

During the preparation of financial statements in accordance with the TAS/TFRS, the Management discloses the balance sheet value of the assets and liabilities stated in the financial statements as of the balance sheet date and explanations regarding off balance sheet liabilities, and to provide assumptions that might affect the totals of income and expense realized during the period. However, actual results may vary from these results.

(n) Subsequent Events:

If the Parent Company and its Subsidiaries receive information after the balance sheet date about conditions that existed at the balance sheet date, the financial statements are updated in line with the new information. If non-adjusting events after the balance sheet date are material, the Company discloses them during the related period.

(o) Conditional Assets and Liabilities:

Assets and liabilities that originate from past incidents and whose presence is not fully under the company management control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are deemed as conditional liabilities and assets.

(p) Borrowing Costs :

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs is discontinued. As of 30 September 2008, the borrowing costs amounting to TRY 2.197.941 directly related to the investments in progress are deducted from the cost of the related asset (31 December 2007 – TRY (820.382)).

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Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

2. Presentation of the Financial Statements (continued)

viii. Significant Accounting Policies and Valuation Procedures Applied (continued):

(r) Segment Reporting :

For the nine months interim period ended 30 September 2008 and the year ended 31 December 2007, the activities of the Parent Company and its subsidiaries are classified under three sectors, namely, chemistry, textile, and marketing.

(s) Government Incentives and Aids :

The government incentives used by the Parent Company are those related to income and they are recognized in the statement of income.

3. Segment Reporting

As of 30 September 2008, segment reporting consists of the following (TRY):

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
ASSETS					
Current Assets	574.038.251	10.904.539	126.365.520	(103.826.067)	607.482.243
Cash and Cash Equivalents	47.904.639	1.582.434	3.385.568	-	52.872.641
Trade Receivables					
- Other Trade Receivables	236.096.336	127.576	105.394.104	-	341.618.016
- Trade Receivables from Related Parties	105.485.292	5.589.347	1.621.364	(103.424.903)	9.271.100
Other Receivables	24.723.993	14.367	15.355.492	-	40.093.852
Inventories	117.330.921	2.597.617	468.458	(401.164)	119.995.832
Other Current Assets	42.497.070	993.198	140.534	-	43.630.802
Non-current Assets	467.201.833	15.414.855	2.806.157	(14.042.273)	471.380.572
Trade Receivables	10.259.727	-	-	-	10.259.727
Other Receivables	9.417	-	-	-	9.417
Financial Investments	27.138.270	39.361	39.388	(19.217.238)	7.999.781
Tangible Assets	410.369.378	12.556.193	2.754.761	(813.686)	424.866.646
Intangible Assets	236.788	2.781.078	12.008	-	3.029.874
Goodwill	-	-	-	5.988.651	5.988.651
Other Non-current Assets	19.188.253	38.223	-	-	19.226.476
TOTAL ASSETS	1.041.240.084	26.319.394	129.171.677	(117.868.340)	1.078.862.815

* Chemistry sector includes the financial data related to the Parent Company.

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**Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008**

3. Segment Reporting (continued)

As of 30 September 2008, segment reporting consists of the following (TRY) (continued):

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
LIABILITIES					
Short Term Liabilities	265.499.862	2.333.642	122.410.472	(103.811.420)	286.432.556
Financial Debts	76.890.171	3.824	15.770.334	-	92.664.329
Trade Payables					
- Other Trade Payables	137.628.416	594.377	1.180.069	-	139.402.862
- Trade Payables to Related Parties	22.887.916	1.386.354	104.991.838	(103.740.345)	25.525.763
Other Payables	2.067.113	202.416	431.790	(71.075)	2.630.244
Taxes Payable on Profit for the Current Period	557.666	120.052	25.674	-	703.392
Debt Provisions	3.923.148	-	10.767	-	3.933.915
Other Short Term Liabilities	21.545.432	26.619	-	-	21.572.051
Long Term Liabilities	121.408.514	2.756.812	433.850	(2.930)	124.596.246
Financial Debts	98.614.212	-	-	-	98.614.212
Provision for Employee Benefits	7.570.405	1.695.377	531.543	-	9.797.325
Deferred Tax Liability	15.223.897	1.061.435	(97.693)	(2.930)	16.184.709
EQUITY	654.331.708	21.228.940	6.327.355	(14.053.990)	667.834.013
Parent Company Equity	654.331.708	21.228.940	6.327.355	(27.992.182)	653.895.821
Paid-in Capital	365.174.673	8.465.590	17.430.150	(281.070.413)	110.000.000
Inflation Adjustment on Share Capital	-	-	-	255.174.673	255.174.673
Issue Premiums	1.669.549	-	-	(1.625.943)	43.606
Translation Differences	-	-	-	-	-
Restricted Profit Reserves	119.337.456	10.254.838	2.585.771	(89.401.474)	42.776.591
Retained Earnings / (Accumulated Losses)	138.163.567	811.682	(14.509.477)	92.983.975	217.449.747
Net Profit / (Loss) for the Period	29.986.463	1.696.830	820.911	(4.053.000)	28.451.204
Minority Interest	-	-	-	13.938.192	13.938.192
TOTAL LIABILITIES AND EQUITY	1.041.240.084	26.319.394	129.171.677	(117.868.340)	1.078.862.815

* Chemistry sector includes the financial data related to the Parent Company.

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**Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008**

3. Segment Reporting (continued)

As of 30 September 2008, segment reporting consists of the following (TRY) (continued):

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
OPERATING ACTIVITIES					
Sales Income (net)	682.508.169	22.282.195	265.516.727	(270.248.665)	700.058.426
Cost of Sales (-)	(616.873.718)	(19.187.295)	(267.051.292)	260.762.101	(642.350.204)
GROSS PROFIT/(LOSS)	65.634.451	3.094.900	(1.534.565)	(9.486.564)	57.708.222
Marketing, Sales and Distribution Expenses (-)	(4.280.427)	-	-	2.923.577	(1.356.850)
General Administration Expenses (-)	(20.667.338)	(1.903.708)	(4.133.746)	(336.607)	(27.041.399)
Research and Development Expenses (-)	(7.232.837)	-	-	28.012	(7.204.825)
Other Operating Income	9.727.804	565.833	610.572	(2.331.541)	8.572.668
Other Operating Expenses (-)	(453.321)	(81.166)	(301.798)	(2.289.213)	(3.125.498)
OPERATING PROFIT / (LOSS)	42.728.332	1.675.859	(5.359.537)	(11.492.336)	27.552.318
Financial Income	66.990.255	556.381	6.713.194	(15.956.270)	58.303.560
Financial Expenses (-)	(73.671.799)	(71.800)	(357.360)	24.747.119	(49.353.840)
PROFIT/(LOSS) ON OPERATING ACTIVITIES BEFORE TAX	36.046.788	2.160.440	996.297	(2.701.487)	36.502.038
Tax Income/(Expense) for the Period	(6.880.565)	(675.736)	(183.109)	-	(7.739.410)
Deferred Tax Income / (Expense)	820.240	212.126	7.723	37.553	1.077.642
Tax Income/(Expense) Related to Operating Activities	(6.060.325)	(463.610)	(175.386)	37.553	(6.661.768)
PROFIT/(LOSS) FOR THE PERIOD ON OPERATING ACTIVITIES	29.986.463	1.696.830	820.911	(2.663.934)	29.840.270
PROFIT/(LOSS) FOR THE PERIOD	29.986.463	1.696.830	820.911	(2.663.934)	29.840.270

* Chemistry sector includes the financial data related to the Parent Company.

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Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

3. Segment Reporting (continued)

As of 31 December 2007, segment reporting consists of the following (TRY) (continued):

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
ASSETS					
Current Assets	489.945.513	12.091.658	107.373.680	(83.412.082)	525.998.769
Cash and Cash Equivalents	49.030.696	4.318.261	6.324.843	-	59.673.800
Trade Receivables					
- Other Trade Receivables	185.618.833	135.633	88.503.656	(4.391.865)	269.866.257
- Trade Receivables from Related Parties	86.447.169	5.342.542	12.039.209	(93.606.975)	10.221.945
Other Receivables	20.843.052	-	-	14.974.444	35.817.496
Inventories	120.692.339	1.797.110	375.444	(387.686)	122.477.207
Other Current Assets	27.313.424	498.112	130.528	-	27.942.064
Non-current Assets	381.331.074	16.104.666	2.891.295	(14.042.273)	386.284.762
Trade Receivables	2.725.342	-	-	-	2.725.342
Other Receivables	9.357	-	-	-	9.357
Financial Investments	27.178.240	39.361	63.000	(19.217.238)	8.063.363
Tangible Assets	349.323.190	13.243.392	2.819.144	(813.686)	364.572.040
Intangible Assets	333.422	2.821.913	9.151	-	3.164.486
Goodwill	-	-	-	5.988.651	5.988.651
Other Non-current Assets	1.761.523	-	-	-	1.761.523
TOTAL ASSETS	871.276.587	28.196.324	110.264.975	(97.454.355)	912.283.531

* Chemistry sector includes the financial data related to the Parent Company.

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Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

3. Segment Reporting (continued)

As of 31 December 2007, segment reporting consists of the following (TRY) (continued):

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
LIABILITIES					
Short Term Liabilities	199.064.943	1.900.129	102.352.814	(80.740.200)	222.577.686
Financial Debts	65.398.932	4.274	14.767.244	-	80.170.450
Trade Payables					
- Other Trade Payables	106.540.105	475.722	1.070.589	-	108.086.416
- Trade Payables to Related Parties	15.345.503	881.415	85.367.033	(83.588.002)	18.005.949
Other Payables	1.936.508	191.909	806.071	2.810	2.937.298
Taxes Payable on Profit for the Current Period	-	244.456	136.011	-	380.467
Debt Provisions	701.182	-	205.866	2.844.992	3.752.040
Other Short Term Liabilities	9.142.713	102.353	-	-	9.245.066
Long Term Liabilities	47.866.394	3.017.659	431.927	(2.810.369)	48.505.611
Financial Debts	21.650.550	-	-	-	21.650.550
Provision for Termination Indemnity	7.326.715	1.744.098	521.897	-	9.592.710
Deferred Tax Liability	16.044.137	1.273.561	(89.970)	34.623	17.262.351
Debt Provisions	2.844.992	-	-	(2.844.992)	-
EQUITY	624.345.250	23.278.536	7.480.234	(13.903.786)	641.200.234
Parent Company Equity	624.345.250	23.278.536	7.480.234	(29.659.403)	625.444.617
Paid-in Capital	365.174.673	8.465.590	17.430.150	(281.070.413)	110.000.000
Inflation Adjustment on Share Capital	-	-	-	255.174.673	255.174.673
Issue Premiums	1.669.549	-	-	(1.625.943)	43.606
Restricted Profit Reserves	119.337.456	9.842.871	2.288.383	(114.889.134)	16.579.576
Retained Earnings / (Accumulated Losses)	112.838.474	2.214.238	(14.484.677)	138.348.600	238.916.635
Net Profit / (Loss) for the Period	25.325.098	2.755.837	2.246.378	(25.597.186)	4.730.127
Minority Interest	-	-	-	15.755.617	15.755.617
TOTAL LIABILITIES AND EQUITY	871.276.587	28.196.324	110.264.975	(97.454.355)	912.283.531

* Chemistry sector includes the financial data related to the Parent Company.

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**Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008**

3. Segment Reporting (continued)

As of 30 September 2007, segment reporting consists of the following (TRY) (continued):

	Chemistry *	Textile	Marketing	Classification and Elimination	Total
OPERATING ACTIVITIES					
Sales Income	672.622.778	22.716.511	292.923.275	(293.788.703)	694.473.861
Cost of Sales(-)	(618.748.704)	(18.626.645)	(274.515.613)	264.840.700	(647.050.262)
GROSS PROFIT/(LOSS)	53.874.074	4.089.866	18.407.662	(28.948.003)	47.423.599
Marketing, Sales and Distribution Expenses(-)	(4.964.623)	-	-	3.765.971	(1.198.652)
General Administration Expenses (-)	(23.164.832)	(1.786.586)	(4.099.779)	(693.722)	(29.744.919)
Research and Development Expenses (-)	(4.161.719)	-	-	21.413	(4.140.306)
Other Operating Income	52.428.426	295.726	308.754	(21.077.958)	31.954.948
Other Operating Expenses (-)	(519.016)	(17.452)	(2.881)	(2.429.430)	(2.968.779)
OPERATING PROFIT / (LOSS)	73.492.310	2.581.554	14.613.756	(49.361.729)	41.325.891
Financial Income	66.900.570	732.464	1.994.128	(2.897.546)	66.729.616
Financial Expenses (-)	(107.330.152)	(247.501)	(14.496.414)	29.885.399	(92.188.668)
PROFIT/(LOSS) ON OPERATING ACTIVITIES BEFORE TAX	33.062.728	3.066.517	2.111.470	(22.373.876)	15.866.839
Tax Income/(Expense) for the Period	(1.072.752)	(784.585)	(387.253)	-	(2.244.590)
Deferred Tax Income / (Expense)	749.771	147.005	(22.994)	(157.096)	716.686
Tax Income/(Expense) Related to Operating Activities	(322.981)	(637.580)	(410.247)	(157.096)	(1.527.904)
PROFIT/(LOSS) ON OPERATING ACTIVITIES FOR THE PERIOD	32.739.747	2.428.937	1.701.223	(22.530.972)	14.338.935
PROFIT / (LOSS) FOR THE PERIOD	32.739.747	2.428.937	1.701.223	(22.530.972)	14.338.935

* Chemistry sector includes the financial data related to the Parent Company.

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3. Segment Reporting (continued)

Distribution of depreciation expenses per segments stated in the statement of income for the nine months interim period ended 30 September 2008 is as follows (TRY):

	<u>Chemistry*</u>	<u>Textile</u>	<u>Marketing</u>	<u>Total</u>
Tangible Assets	24.129.347	1.959.686	119.622	26.208.655
Intangible Assets	<u>134.109</u>	<u>161.604</u>	<u>6.120</u>	<u>301.833</u>
Total depreciation and amortisation for the current period	<u>24.263.456</u>	<u>2.121.290</u>	<u>125.742</u>	<u>26.510.488</u>

Distribution of depreciation expenses per segments stated in the statement of income for the nine months interim period ended 30 September 2007 is as follows (TRY):

	<u>Chemistry *</u>	<u>Textile</u>	<u>Marketing</u>	<u>Total</u>
Tangible Assets	25.516.979	2.046.980	88.538	27.652.497
Intangible Assets	<u>127.157</u>	<u>170.726</u>	<u>4.496</u>	<u>302.379</u>
Total depreciation and amortisation for the current period	<u>25.644.136</u>	<u>2.217.706</u>	<u>93.034</u>	<u>27.954.876</u>

* Chemistry sector includes the financial data related to the Parent Company.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Cash	179.579	54.449
Banks		
- TRY demand deposit	1.381.024	6.377.849
- Foreign currency demand deposit	2.019.068	4.922.248
- TRY time deposit *	5.226.189	9.936.684
- Foreign currency time deposit **	30.212.835	23.400.830
Cheques received	<u>13.853.946</u>	<u>14.981.740</u>
	<u>52.872.641</u>	<u>59.673.800</u>

* As of 30 September 2008, the interest rate on TRY time deposit accounts varies between 13,96 % and 17,25 % (31 December 2007 – 18,65% - 21,00%).

** As of 30 September 2008, the interest rates applied to USD time deposits vary between 4,50 % and 4,95 % and the interest rate applied on Euro time deposits is 5,50% (31 December 2007 - USD 4,50% - 8,59%).

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5. Financial Investments

Financial investments consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Affiliates;		
Ak-Han Bak. Yön. Serv. Hizm. Güven. Malz. A.Ş.*	-	63.582
Subsidiaries;		
Aksa Egypt Acrylic Fiber Industry SAE	78.695	78.695
Fitco BV	7.863.032	7.863.032
Akgirişim Kimya ve Ticaret A.Ş.	58.000	58.000
Other financial assets	<u>54</u>	<u>54</u>
	<u>7.999.781</u>	<u>8.063.363</u>

* Sold to Akkök Sanayi Yatırım ve Geliştirme A.Ş. at a total price of TRY 399.300 at 16.07.2008.

6. Financial Liabilities

Financial liabilities consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Short term bank loans	91.852.837	80.104.886
Principal payments of long term bank loans and related interests	<u>811.492</u>	<u>65.564</u>
Short term financial debts	<u>92.664.329</u>	<u>80.170.450</u>
Long term financial debts	<u>98.614.212</u>	<u>21.650.550</u>

The maturities of long term loans are 15 December 2014 and 30 December 2014.

As of 30 September 2008, the interest rate on short term USD bank loans vary between 2,50% and 4,90% (31 December 2007 - USD – 2,95% - 5,65%).

As of 30 September 2008, the interest rate on long term USD bank loans vary between 4,36% and 5,09% (31 December 2007 - USD - 6,86%).

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7. Trade Receivables and Payables

Short term trade receivables consist of the following (TRY):

	<u>30 September 2008</u>	<u>31 December 2007</u>
Customers	176.865.380	125.631.749
Notes receivable and post-dated cheques	169.942.175	148.024.430
Rediscount on receivables (-)	(5.189.539)	(3.789.922)
Doubtful trade receivables	1.412.641	1.412.641
Provision for doubtful trade receivables (-)	(1.412.641)	(1.412.641)
Other Trade Receivables	<u>341.618.016</u>	<u>269.866.257</u>
Trade receivables from related parties (Note 25)	<u>9.271.100</u>	<u>10.221.945</u>
Total short term trade receivables	<u>350.889.116</u>	<u>280.088.202</u>

Long term trade receivables consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Notes receivable and post-date cheques	12.493.796	2.907.091
Rediscount on receivables (-)	(2.234.069)	(181.749)
Total long term trade receivables	<u>10.259.727</u>	<u>2.725.342</u>

Trade payables consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Suppliers	141.532.142	109.472.260
Rediscount on payables (-)	(2.129.280)	(1.385.844)
Other trade payables	<u>139.402.862</u>	<u>108.086.416</u>
Trade payables to related parties (Note 25)	<u>25.525.763</u>	<u>18.005.949</u>
Total trade payables	<u>164.928.625</u>	<u>126.092.365</u>

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8. Other Receivables and Payables

Other receivables consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Short term other receivables	24.515.116	20.795.867
Due from personnel	172.287	143.931
Deposits and guarantees given	<u>46.262</u>	<u>38.247</u>
Other receivables	<u>24.733.665</u>	<u>20.978.045</u>
Non-trade receivables from related parties (Note 25)	<u>15.360.187</u>	<u>14.839.451</u>
Other receivables	<u>40.093.852</u>	<u>35.817.496</u>

Long term other receivables consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Deposits and guarantees given	9.417	9.357

Other payables consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Taxes, duties and other withholdings payable	1.590.547	2.040.087
Social security premiums payable	996.674	886.876
Due to personnel	3.389	4.673
Other miscellaneous debts	17.856	1.816
Expenses payable	17.932	-
Deposits and guarantees received	<u>1.036</u>	<u>1.036</u>
Other payables	<u>2.627.434</u>	<u>2.934.488</u>
Non-trade payables to related parties (Note 25)	<u>2.810</u>	<u>2.810</u>
Total other payables	<u>2.630.244</u>	<u>2.937.298</u>

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9. Inventories

Inventories consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Raw materials and supplies	68.252.147	93.158.517
Semi-finished goods	14.907.214	7.558.176
Finished goods	36.364.416	21.375.316
Merchandise	439.018	295.172
Other inventories	<u>33.037</u>	<u>90.026</u>
	<u>119.995.832</u>	<u>122.477.207</u>

10. Tangible Assets

Tangible assets consist of the following (TRY) :

As of 30 September 2008;

Cost ;	Opening 1 January 2008	Additions	Transfers	Capitalized Finance Cost	Disposal	Closing 30 September 2008
Land	54.577.547	2.341.592	2.268.006	-	-	59.187.145
Land improvements	31.667.828	-	117.703	-	-	31.785.531
Buildings	79.206.377	38.234	1.997.418	-	(173.046)	81.068.983
Machinery and equipment	495.005.286	21.693.377	44.080.387	-	(361.098)	560.417.952
Motor vehicles	1.207.263	1.887	-	-	(297.534)	911.616
Furniture and fixtures	14.357.832	333.372	473.667	-	(17.275)	15.147.596
Other tangible assets	9.899	-	-	-	-	9.899
Investments in progress	89.719.957	62.810.180	(49.046.298)	2.197.941	(829.561)	104.852.219
Sub total	<u>765.751.989</u>	<u>87.218.642</u>	<u>(109.117)</u>	<u>2.197.941</u>	<u>(1.678.514)</u>	<u>853.380.941</u>
Accumulated depreciation (-)						
Land improvements	(23.052.115)	(1.034.737)	-	-	-	(24.086.852)
Buildings	(27.544.920)	(1.251.514)	-	-	19.900	(28.776.534)
Machinery and equipment	(337.497.494)	(24.990.656)	-	-	361.098	(362.127.052)
Motor vehicles	(1.067.350)	(41.051)	-	-	283.463	(824.938)
Furniture and fixtures	(12.008.773)	(694.168)	-	-	13.705	(12.689.236)
Other tangible assets	(9.297)	(386)	-	-	-	(9.683)
Sub total	<u>(401.179.949)</u>	<u>(28.012.512)</u>	<u>-</u>	<u>-</u>	<u>678.166</u>	<u>(428.514.295)</u>
Net Value	<u>364.572.040</u>	<u>59.206.130</u>	<u>(109.117)</u>	<u>2.197.941</u>	<u>(1.000.348)</u>	<u>424.866.646</u>

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10. Tangible Assets (continued)

Tangible assets consist of the following (TRY) (continued) :

As of 31 December 2007;

Cost ;	Opening 1 January 2007	Exclusions from Consolidation	Additions	Transfers	Capitalized Finance Costs	Disposals	Closing 31 December 2007
Land	60.088.909	(6.090.092)	578.730	-	-	-	54.577.547
Land improvements	79.640.031	(49.545.111)	1.572.908	-	-	-	31.667.828
Buildings	119.831.488	(41.768.930)	137.818	1.006.001	-	-	79.206.377
Machinery and equipment	1.206.680.939	(728.388.293)	40.954	16.681.299	-	(9.613)	495.005.286
Motor vehicles	6.549.831	(5.303.317)	89.806	-	-	(129.057)	1.207.263
Furniture and fixtures	30.247.530	(16.455.004)	454.628	145.720	-	(35.042)	14.357.832
Other tangible assets	9.899	-	-	-	-	-	9.899
Investments in progress	59.194.268	(43.436.676)	91.736.994	(16.954.247)	(820.382)	-	89.719.957
Sub total	1.562.242.895	(890.987.423)	94.611.838	878.773	(820.382)	(173.712)	765.751.989
Accumulated depreciation (-)							
Land improvements	(39.591.517)	17.972.708	(1.433.306)	-	-	-	(23.052.115)
Buildings	(37.398.057)	11.454.878	(1.601.741)	-	-	-	(27.544.920)
Machinery and equipment	(774.550.085)	471.521.733	(34.478.755)	-	-	9.613	(337.497.494)
Motor vehicles	(5.163.560)	4.076.725	(109.572)	-	-	129.057	(1.067.350)
Furniture and fixtures	(24.622.373)	13.573.623	(994.242)	-	-	34.219	(12.008.773)
Other tangible assets	(8.406)	-	(891)	-	-	-	(9.297)
Sub total	(881.333.998)	518.599.667	(38.618.507)	-	-	172.889	(401.179.949)
Net Value	680.908.897	(372.387.756)	55.993.331	878.773	(820.382)	(823)	364.572.040

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11. Intangible Assets

Intangible assets consist of the following (TRY):

As of 30 September 2008;

Cost ;	Opening 1 January 2008	Additions	Transfers and Disposals	Closing 30 September 2008
Rights	1.615.798	8.978	-	1.624.776
Special costs	5.705.488	11.649	109.118	5.826.255
Other intangible assets	<u>1.338.568</u>	<u>37.476</u>	<u>-</u>	<u>1.376.044</u>
Sub total	<u>8.659.854</u>	<u>58.103</u>	<u>109.118</u>	<u>8.827.075</u>
Accumulated amortization (-)				
Rights	(1.580.385)	(18.075)	-	(1.598.460)
Special costs	(2.878.436)	(163.123)	-	(3.041.559)
Other intangible assets	<u>(1.036.547)</u>	<u>(120.635)</u>	<u>-</u>	<u>(1.157.182)</u>
Sub total	<u>(5.495.368)</u>	<u>(301.833)</u>	<u>-</u>	<u>(5.797.201)</u>
Net Value	<u>3.164.486</u>	<u>(243.730)</u>	<u>109.118</u>	<u>3.029.874</u>

As of 31 December 2007;

Cost ;	Opening 1 January 2007	Exclusions from Consolidation	Additions	Transfers and Disposals	Closing 31 December 2007
Rights	38.717.458	(37.124.860)	23.200	-	1.615.798
Special costs	7.932.045	(2.250.948)	24.391	-	5.705.488
Other intangible assets	<u>3.036.758</u>	<u>(1.807.034)</u>	<u>108.844</u>	<u>-</u>	<u>1.338.568</u>
Sub total	<u>49.686.261</u>	<u>(41.182.842)</u>	<u>156.435</u>	<u>-</u>	<u>8.659.854</u>
Accumulated amortisation (-)					
Rights	(4.562.875)	3.019.738	(37.248)	-	(1.580.385)
Special costs	(4.877.899)	2.211.877	(212.414)	-	(2.878.436)
Other intangible assets	<u>(2.501.055)</u>	<u>1.614.562</u>	<u>(150.054)</u>	<u>-</u>	<u>(1.036.547)</u>
Sub total	<u>(11.941.829)</u>	<u>6.846.177</u>	<u>(399.716)</u>	<u>-</u>	<u>(5.495.368)</u>
Net Value	<u>37.744.432</u>	<u>(34.336.665)</u>	<u>(243.281)</u>	<u>-</u>	<u>3.164.486</u>

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12. Goodwill

Goodwill consists of the following (TRY) :

As of 30 September 2008;

	Opening 1 January 2008	Additions	Disposals	Closing 30 September 2008
Ak-Tops Tekstil Sanayi A.Ş.	5.988.651	-	-	5.988.651
	<u>5.988.651</u>	<u>-</u>	<u>-</u>	<u>5.988.651</u>

As of 31 December 2007;

	Opening 1 January 2007	Exclusions from Consolidation	Additions	Disposals	Closing 31 December 2007
Akkur Enerji Üretim Ticaret ve Sanayi A.Ş.	22.548.997	(22.548.997)	-	-	-
Ak-Tops Tekstil Sanayi A.Ş.	-	-	5.988.651	-	5.988.651
	<u>22.548.997</u>	<u>(22.548.997)</u>	<u>5.988.651</u>	<u>-</u>	<u>5.988.651</u>

13. Provisions, Contingent Assets and Liabilities

Debt provisions consist of the following (TRY) :

	30 September 2008	31 December 2007
Provision for litigation	3.074.583	2.844.992
Provision for leaves	848.565	701.182
Provisions for other debts and expenses	<u>10.767</u>	<u>205.866</u>
	<u>3.933.915</u>	<u>3.752.040</u>

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13. Provisions, Contingent Assets and Liabilities (continued)

Taxes payable on profit for the current period consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Current period tax provision (Note 23)	7.739.410	1.552.888
Prepaid taxes and funds (-)	<u>(7.036.018)</u>	<u>(1.172.421)</u>
	<u>703.392</u>	<u>380.467</u>

Contingent assets and liabilities consist of the following (TRY) :

- a) As of 30 September 2008, contingent liabilities amount to TRY 73.126.472, USD 143.734.548 and EURO 1.108.800 (31 December 2007 – TRY 63.394.567, EURO 1.108.800, USD 94.382.500).
- b) As of 30 September 2008, guarantees received for short term trade receivables amount to TRY 76.393.570 (31 December 2007 – TRY 46.205.910).
- c) As of 30 September 2008, there is no ongoing litigation commenced by the Parent Company and its Subsidiaries against third parties (31 December 2007 – None).
- d) As of 31 August 2007, the company has been sued by 47 people for a total of TRY 657.500 representing damages related to the 1999 earthquake, however the case has not been accepted by the court as yet. As of 30 September 2008, provision is made for a total of TRY 3.074.583 including a principal amount of TRY 657.500 and the related interest of TRY 2.417.083 (31 December 2007 - TRY 2.844.992).
- e) As of 30 September 2008 the overdue receivables and the related provisions stated in the books of the Parent Company and its subsidiaries amount to TRY 1.412.641 (31 December 2007 – TRY 1.412.641).

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14. Employee Benefits

Liabilities related to employee benefits consist of provision for termination indemnity and provision for vacation as in the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Provision for termination indemnity at the beginning of the period	9.592.710	11.722.036
Provision for vacation	294.743	195.452
Effect of subsidiaries excluded from consolidation	-	(3.477.393)
Charge for the current period	(90.128)	<u>1.152.615</u>
Provisions for termination indemnity and vacation at the end of the period	<u>9.797.325</u>	<u>9.592.710</u>

15. Other Assets and Liabilities

Other current assets consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Order advances given	21.232.739	12.690.472
Other VAT	10.017.138	8.597.322
Deferred VAT	9.569.745	2.440.069
Prepaid taxes and funds	-	2.553.056
Personnel advances	1.763.466	1.269.649
Forward income accruals (Note 27)	109.441	-
Expenses related to future months	558.762	295.886
Job advances	<u>379.511</u>	<u>95.610</u>
	<u>43.630.802</u>	<u>27.942.064</u>

Other long term assets consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Order advances given	19.188.200	1.760.709
Expenses related to future years	<u>38.276</u>	<u>814</u>
	<u>19.226.476</u>	<u>1.761.523</u>

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15. Other Assets and Liabilities (continued)

Other liabilities consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Other VAT	10.017.138	8.597.321
Expense accruals	1.459	102.353
Order advances received	<u>11.553.454</u>	<u>545.392</u>
	<u>21.572.051</u>	<u>9.245.066</u>

16. Equity

(a) Paid-in capital:

The shareholding structure of the Parent Company is as follows (TRY) :

<u>Name</u>	<u>Shareholding</u>	<u>Nominal Value</u>
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	39,58%	43.546.625
Emniyet Tic. ve San. A.Ş.	18,72%	20.596.070
Other *	<u>41,70%</u>	<u>45.857.305</u>
	<u>100,00%</u>	<u>110.000.000</u>
Capital adjustment differences		<u>255.174.673</u>
Total adjusted capital		<u>365.174.673</u>

* Represents shareholding of less than 10%.

The Parent Company's registered capital limit is TRY 425.000.000 and its paid-in capital amounts to TRY 110.000.000 consisting of 11.000.000.000 shares of 1 YKR nominal value each.

(b) Restricted Profit Reserves :

Restricted profit reserves consist of the legal reserves and profit on sales of investments as follows (TRY):

	<u>30 September 2008</u>	<u>31 December 2007</u>
Legal reserves	16.579.576	16.579.576
Profit on sales of investments	<u>26.197.015</u>	<u>-</u>
	<u>42.776.591</u>	<u>16.579.576</u>

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16. Equity (continued)

(b) Restricted Profit Reserves (continued):

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

- (a) First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.
- (b) Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

(c) Retained Earnings /(Accumulated Losses)

Retained earnings/(accumulated losses) in the respective periods is as follows (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Retained earnings	238.916.635	234.661.468
2007 profit transfer	4.730.127	-
2006 profit transfer	-	61.538.660
Profit on sales of investments	(26.197.015)	-
Transfer to reserves	-	(4.768.868)
Dividend payment	-	(17.633.957)
Effect of rate change in consolidation	-	(716.656)
Effect of subsidiary excluded from consolidation	-	(34.164.012)
	<u>217.449.747</u>	<u>238.916.635</u>

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Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

16. Equity (continued)

(c) Retained Earnings /(Accumulated Losses) (continued)

Distribution of retained earnings/(accumulated losses) is as follows (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Retained earnings/(Accumulated losses)	21.170.548	42.939.676
Extraordinary reserves	56.768.988	56.768.988
Differences arising from inflation adjustment in equity	138.677.573	138.677.573
Legal reserves of subsidiaries	779.006	491.768
Extraordinary reserves of subsidiaries	<u>53.632</u>	<u>38.630</u>
	<u>217.449.747</u>	<u>238.916.635</u>

As per the Communiqué Nr. XI/29, “Paid-in Capital, Issue Premiums and Restricted Reserves” are recognized over the totals stated in the legal books, and the differences arising upon valuations made in accordance with TAS/TFRS are correlated with the retained earnings/accumulated losses. As per the same Communiqué, retained earnings/accumulated losses other than the net profit for the period, are stated in the “Retained Earnings/Accumulated Losses” account together with the extraordinary reserves regarded in essence as retained earnings/accumulated losses.

Inflation adjustment differences in equity arising upon restatement of share premium, legal and extraordinary reserves are stated below as per the respective periods (TRY):

	<u>30 September 2008</u>	<u>31 December 2007</u>
Inflation adjustment in extraordinary reserves	5.323.651	5.323.651
Inflation adjustment in legal reserves	110.092.166	110.092.166
Inflation adjustment in share premium	<u>23.261.756</u>	<u>23.261.756</u>
	<u>138.677.573</u>	<u>138.677.573</u>

Inflation adjustment differences may be used in rights issue and netting off losses. Furthermore, inflation adjustment differences arising from reserves bearing no record that hinders profit distribution may be used in profit distribution.

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Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

16. Equity (continued)

(d) Minority Interests

Minority interests consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Share capital	18.468.486	18.468.486
Legal reserves	6.339.405	5.917.288
Extraordinary reserves	192.101	182.100
Retained earnings/(accumulated losses)	(12.450.866)	(11.858.383)
Profit/(loss) for the period	<u>1.389.066</u>	<u>3.046.126</u>
	<u>13.938.192</u>	<u>15.755.617</u>

17. Sales and Cost of Sales

Sales consists of the following (TRY) :

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Domestic sales	436.559.962	151.198.316	402.982.381	(30.376.101)
Exports	285.824.565	87.544.115	313.243.730	85.726.760
Other sales	-	(278.842)	438.360	105.911
Sales returns (-)	(2.333.171)	(626.237)	(1.037.345)	(453.860)
Sales discounts (-)	(59)	(59)	(106.278)	1.666
Other deductions (-)	<u>(19.992.871)</u>	<u>(6.418.071)</u>	<u>(21.046.987)</u>	<u>(7.051.377)</u>
	<u>700.058.426</u>	<u>231.419.222</u>	<u>694.473.861</u>	<u>47.952.999</u>

Cost of sales consist of the following (TRY) :

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Cost of finished goods sold	592.090.702	201.485.566	594.080.730	14.719.295
Cost of trade goods sold	28.576.401	9.092.574	32.237.029	8.478.898
Cost of services	18.982.418	6.451.000	18.454.221	9.767.404
Cost of other sales	<u>2.700.683</u>	<u>833.392</u>	<u>2.278.282</u>	<u>897.667</u>
	<u>642.350.204</u>	<u>217.862.532</u>	<u>647.050.262</u>	<u>33.863.264</u>

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17. Sales and Cost of Sales (continued)

Cost of goods sold consists of the following (TRY) :

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Raw materials and supplies	476.116.505	161.980.817	480.783.961	(19.326.442)
Depreciation expense	20.554.088	7.100.424	22.667.208	(19.312.833)
General production expense	78.692.133	26.973.612	74.185.216	54.831.304
Labour expense	<u>16.727.976</u>	<u>5.430.713</u>	<u>16.444.345</u>	<u>(1.472.734)</u>
	<u>592.090.702</u>	<u>201.485.566</u>	<u>594.080.730</u>	<u>14.719.295</u>

18. Research and Development Expenses; Marketing, Sales and Distribution Expenses; General Administration Expenses

Research and development expenses, marketing, sales and distribution expenses and general administration expenses consist of the following (TRY) :

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Research and Development Expenses	7.204.825	3.284.368	4.140.306	1.110.881
Marketing, Sales and Distribution Expenses	1.356.850	454.418	1.198.652	(884.465)
General Administration Expenses	<u>27.041.399</u>	<u>8.947.781</u>	<u>29.744.919</u>	<u>(5.180.174)</u>
	<u>35.603.074</u>	<u>12.686.567</u>	<u>35.083.877</u>	<u>(4.953.758)</u>

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18. Research and Development Expenses; Marketing, Sales and Distribution Expenses; General Administration Expenses (continued)

Research and development expenses, marketing, sales and distribution expenses and general administration expenses consist of the following (TRY) (continued):

Research and Development Expenses ;

	1 January 2008- 30 September 2008	1 July 2008- 30 September 2008	1 January 2007- 30 September 2007	1 July 2007- 30 September 2007
Personnel expenses	3.113.260	1.202.333	1.299.361	330.096
Depreciation expenses	3.018.596	1.699.667	1.940.181	572.635
Subcontractor expenses	297.159	106.571	214.230	67.299
Maintenance, repair and cleaning expenses	194.731	62.165	106.693	41.052
Auxiliary material expenses	195.317	76.976	113.497	48.837
Other outsourced benefits and services	91.860	32.872	91.245	(196.551)
Other expenses	<u>293.902</u>	<u>103.784</u>	<u>375.099</u>	<u>247.513</u>
	<u>7.204.825</u>	<u>3.284.368</u>	<u>4.140.306</u>	<u>1.110.881</u>

Marketing, Sales and Distribution Expenses;

	1 January 2008- 30 September 2008	1 July 2008- 30 September 2008	1 January 2007- 30 September 2007	1 July 2007- 30 September 2007
Personnel expenses	879.271	339.428	760.166	(42.505)
Sample expenses	65.271	9.555	57.770	(2.068)
Transport and rent expenses	94.202	17.605	19.297	(213.216)
Travel expenses	93.988	23.240	68.387	15.429
Insurance expenses	-	-	-	(239.921)
Rent expenses	57.806	19.433	60.130	7.736
Depreciation expenses	23.460	6.617	59.866	1.811
Communication expenses	8.412	4.787	26.496	(110.873)
Advertisement, press and promotion expenses	1.702	(3.974)	33.611	(102.169)
Other expenses	<u>132.738</u>	<u>37.727</u>	<u>112.929</u>	<u>(198.689)</u>
	<u>1.356.850</u>	<u>454.418</u>	<u>1.198.652</u>	<u>(884.465)</u>

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Notes to the Interim Consolidated Financial Statements
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18. Research and Development Expenses; Marketing, Sales and Distribution Expenses; General Administration Expenses (continued)

Research and development expenses, marketing, sales and distribution expenses and general administration expenses consist of the following (TRY) (continued):

General Administration Expenses;

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Personnel expenses	11.114.909	3.055.964	11.592.178	(3.382.311)
Communication expenses	447.491	138.617	481.504	(6.172)
Consultancy expenses	3.863.257	1.081.650	3.874.257	(240.278)
Social expenses	2.165.481	868.036	2.106.726	632.157
Depreciation expenses	801.098	258.548	1.078.175	(529.142)
Office expenses	1.547.255	594.816	461.286	51.698
Insurance expenses	77.844	25.267	77.113	(487.326)
Rent expenses	489.733	161.779	288.848	(492.657)
Various tax expenses	155.540	12.022	255.275	(1.205.289)
Travel expenses	637.142	190.033	661.577	(90.389)
Advertisement expenses	38.590	16.006	52.319	(67.244)
Disallowable expenses	2.395.572	1.196.649	4.454.266	1.017.042
Other outsourced benefits and services	1.895.007	705.243	1.692.381	(90.084)
Court and notary expenses	38.450	16.547	100.156	(52.926)
Other expenses	<u>1.374.030</u>	<u>626.604</u>	<u>2.568.858</u>	<u>(237.253)</u>
	<u>27.041.399</u>	<u>8.947.781</u>	<u>29.744.919</u>	<u>(5.180.174)</u>

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19. Expenses by Nature

Depreciation and amortization expenses consist of the following (TRY) :

	1 January 2008- 30 September 2008	1 July 2008- 30 September 2008	1 January 2007- 30 September 2007	1 July 2007- 30 September 2007
Cost of goods sold	20.554.088	7.100.424	22.667.208	(19.312.833)
Research and development expenses	3.018.596	1.699.667	1.940.181	572.635
Marketing expenses	23.460	6.617	59.866	1.811
General administration expenses	801.098	258.548	1.078.175	(529.142)
Cost of services sold	2.113.245	679.862	2.209.447	683.568
Inventory depreciation	<u>1.803.858</u>	<u>203.621</u>	<u>1.567.384</u>	<u>202.029</u>
	<u>28.314.345</u>	<u>9.948.739</u>	<u>29.522.261</u>	<u>(18.381.932)</u>

Employee benefits consist of the following (TRY) :

	1 January 2008- 30 September 2008	1 July 2008- 30 September 2008	1 January 2007- 30 September 2007	1 July 2007- 30 September 2007
General administration expenses	351.998	140.521	477.188	380.480

20. Other Operating Income and Expenses

Other operating income consists of the following (TRY):

	1 January 2008- 30 September 2008	1 July 2008- 30 September 2008	1 January 2007- 30 September 2007	1 July 2007- 30 September 2007
Provisions expired	293.662	174.710	6.628.252	(1.664.912)
Prior period income and profits	-	-	-	(169.790)
Profit on sales of investments	335.718	335.718	16.746.425	16.746.425
Profit on sales of fixed assets	320.429	87.082	14.312	(4.131.674)
R&D incentive premium income *	1.666.520	-	-	-
Maturity difference	2.720.158	409.076	-	-
Other income and profits	<u>3.236.181</u>	<u>583.277</u>	<u>8.565.959</u>	<u>(1.169.678)</u>
	<u>8.572.668</u>	<u>1.589.863</u>	<u>31.954.948</u>	<u>9.610.371</u>

* For the purpose of benefiting from tax advantages, the R&D incentive premium income recognized in the legal books within the equity account group will be stated in the equity account group in the future accounting periods.

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20. Other Operating Income and Expenses (continued)

Other operating expenses consist of the following (TRY) :

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Commission expenses	2.046.871	744.203	2.344.317	660.499
TRT Share	-	-	-	(1.474.692)
Prior period expenses and losses	5.988	-	-	(137.990)
Loss on sales of fixed assets	5.308	3.630	556	(1.213)
Other expenses and losses	<u>1.067.331</u>	<u>(50.141)</u>	<u>623.906</u>	<u>(2.341.409)</u>
	<u>3.125.498</u>	<u>697.692</u>	<u>2.968.779</u>	<u>(3.294.805)</u>

21. Financial Income

Financial income consists of the following (TRY) :

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Foreign exchange gains	49.023.440	6.672.002	53.442.252	13.706.598
Rediscount interest income	6.813.012	199.117	7.826.427	(2.153.589)
Interest income	<u>2.467.108</u>	<u>646.944</u>	<u>5.460.937</u>	<u>(3.381.722)</u>
	<u>58.303.560</u>	<u>7.518.063</u>	<u>66.729.616</u>	<u>8.171.287</u>

22. Financial Expenses

Financial expenses consist of the following (TRY) :

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Foreign exchange losses	30.873.062	178.295	83.013.859	27.525.474
Rediscount interest expenses	9.182.298	1.020.231	6.364.979	(1.854.888)
Short term borrowing expenses	<u>9.298.480</u>	<u>7.404.681</u>	<u>2.809.830</u>	<u>(1.522.672)</u>
	<u>49.353.840</u>	<u>8.603.207</u>	<u>92.188.668</u>	<u>24.147.914</u>

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23. Tax Assets and Liabilities

a) Corporation Tax ;

The corporation tax rate for 2008 is 20% in Turkey (31 December 2007 – 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Tax income and expenses recognized in the statement of income are summarized in the following (TRY):

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Current period				
Corporation Tax	(7.739.410)	(704.667)	(2.244.590)	(633.902)
Deferred tax				
income / (expense)	<u>1.077.642</u>	<u>600.763</u>	<u>716.686</u>	<u>(12.362.235)</u>
Total tax				
income / (expense)	<u>(6.661.768)</u>	<u>(103.904)</u>	<u>(1.527.904)</u>	<u>(12.996.137)</u>

Current period corporation tax is calculated as follows (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>	<u>30 September 2007</u>
Per statutory books	42.212.720	8.012.394	5.234.698
Disallowable expenses	9.037.384	558.720	23.002.230
Tax exempt income	(8.989.321)	(806.672)	(17.013.976)
Income from affiliates	(2.271.384)	-	-
R&D allowance used	(1.292.348)	-	-
Offsetting	<u>-</u>	<u>-</u>	<u>-</u>
Sub total	<u>38.697.051</u>	<u>7.764.442</u>	<u>11.222.952</u>
Tax rate (%)	20	20	20
Tax provision (Note 13)	<u>7.739.410</u>	<u>1.552.888</u>	<u>2.244.590</u>

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Notes to the Interim Consolidated Financial Statements
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23. Tax Assets and Liabilities (continued)

b) Deferred Tax Assets and Liabilities ;

Temporary differences creating a basis for deferred tax calculations and deferred tax assets/liabilities and deferred tax income/expenses are as follows (TRY):

<u>Temporary Income / (Expense) Differences</u>	<u>30 September 2008</u>	<u>31 December 2007</u>
Adjustment on rediscount on receivables	6.049.210	5.077.268
Provision for termination indemnity	9.502.582	9.397.258
Provision for vacation	1.143.308	896.634
Provision for litigation	245.889	907.580
Valuation of foreign exchange buying/selling rates	-	661.001
Forward interest accrual	34.769	-
Adjustment on loan discount	5.467	2.212
Transactions related to consolidation	<u>14.649</u>	<u>-</u>
Deferred tax asset base	<u>16.995.874</u>	<u>16.941.953</u>
Adjustment on rediscount on payables	2.129.280	1.385.844
Transactions related to consolidation	-	173.115
Difference between the TAS values of tangible/intangible assets and their tax bases, net	<u>95.790.137</u>	<u>101.694.747</u>
Deferred tax liability base	<u>97.919.417</u>	<u>103.253.706</u>
Deferred tax liability base (net)	<u>80.923.543</u>	<u>86.311.753</u>
Tax rate	20%	20%
Deferred tax liability (net)	<u>16.184.709</u>	<u>17.262.351</u>

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Notes to the Interim Consolidated Financial Statements
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23. Tax Assets and Liabilities (continued)

b) Deferred Tax Assets and Liabilities (continued) ;

Deferred Tax Income / (Expense) (TRY):

	<u>30 September 2008</u>	<u>30 September 2007</u>
Current period deferred tax asset / (liability)	(16.184.709)	(17.253.406)
Effect of subsidiaries excluded from consolidation	-	(13.061.866)
Reversal of prior period deferred tax (liability) / asset	<u>17.262.351</u>	<u>31.031.958</u>
Deferred tax income / (expense)	<u>1.077.642</u>	<u>716.686</u>

24. Profit/(Loss) Per Share

Profit/(Loss) per share is calculated as follows;

	<u>1 January 2008- 30 September 2008</u>	<u>1 July 2008- 30 September 2008</u>	<u>1 January 2007- 30 September 2007</u>	<u>1 July 2007- 30 September 2007</u>
Profit/(loss) for the period (TRY)	28.451.204	273.362	11.895.292	6.797.268
Weighted average number of ordinary shares (Per share of TRY 1 Nominal value)	110.000.000	110.000.000	110.000.000	110.000.000
Parent Company earnings per share (TRY)	0,259	0,002	0,108	0,062

25. Related Party Disclosures

Trade receivables from related parties consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Ak-Al Tekstil Sanayii A.Ş.	7.450.852	10.515.163
Aksu İplik Dokuma ve Boya Apre Fab. A.Ş.	2.191.004	418.843
Akiş Gayrimenkul Yatırımı A.Ş.	237	-
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	150	-
Akport Tekirdağ Liman İşletmeleri A.Ş.	1.703	-
Rediscount on receivables (-)	(372.846)	(712.061)
Total (Note 7)	<u>9.271.100</u>	<u>10.221.945</u>

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25. Related Party Disclosures (continued)

Non-trade receivables from related parties consist of the following (TRY):

	<u>30 September 2008</u>	<u>31 December 2007</u>
Aksu İplik Dokuma ve Boya Apre Fab. A.Ş.*	11.159.292	10.281.098
Akport Tekirdağ Liman İşletmeleri A.Ş.	2.437	21.973
Aksa Egypt Acrylic Fiber Industry SAE	4.695	4.440
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	-	129.108
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.*	4.163.963	3.862.907
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	-	528.958
Other	<u>29.800</u>	<u>10.967</u>
Total (Note 8)	<u>15.360.187</u>	<u>14.839.451</u>

* Includes export loan receivables utilized and transferred by the subsidiary Ak-Pa Tekstil İhracat Pazarlama A.Ş. to group companies.

Trade payables to related parties consist of the following (TRY) :

	<u>30 September 2008</u>	<u>31 December 2007</u>
Akkim Kimya San. ve Tic. A.Ş.	10.242.840	9.448.788
Akenerji Elektrik Üretim A.Ş.	13.687.578	7.093.185
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	1.121.325	793.491
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	246.738	-
Dinkal Sigorta Acenteliği A.Ş.	54.279	118.261
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	42.014	-
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	11.642	-
Ak-Han Bakım Yönt. Serv.		
Hizm. Güven. Malz. A.Ş.	<u>119.347</u>	<u>552.224</u>
Total (Note 7)	<u>25.525.763</u>	<u>18.005.949</u>

Non-trade payables to related parties consist of the following (TRY) :

Due to shareholders (Note 8)	<u>2.810</u>	<u>2.810</u>
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Notes to the Interim Consolidated Financial Statements
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25. Related Party Disclosures (continued)

Sales to related parties for the nine month interim periods ended 30 September 2008 and 2007 (TRY):

	1 January 2008- 30 September 2008	1 July 2008- 30 September 2008	1 January 2007- 30 September 2007	1 July 2007- 30 September 2007
Ak-Al Tekstil Sanayii A.Ş.	21.196.294	6.917.640	19.615.766**	19.615.766**
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	2.476.698	810.505	15.466.335***	9.046.245
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	364.619	257.691	49.188.367****	49.100.892
Akkim Kimya San. ve Tic. A.Ş.	4.232.521	1.624.838	3.938.497	(9.868.863)
Akenerji Elektrik Üretim A.Ş.	2.480.488	566.416	-	-
Akport Tekirdağ Liman İşletmeleri A.Ş.	29.618	14.332	-	(40.077)
Ak-Han Bakım Yönt. Serv.Hiz. Güven. Malz. A.Ş.	7.592	2.400	441	187
Dinkal Sigorta Acenteliği A.Ş.	20.804	6.844	1.076	507
Akiş Gayrimenkul Yatırımı A.Ş.	32.792	10.805	-	(2.535)
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	49.448	11.110	-	-
Akmetem Poliüretan Sanayi ve Ticaret A.Ş.	7.957	2.816	-	-
Akmerkez Lokantacılık Gıda Sanayi ve Tic. A.Ş.	796	128	-	-
Üçgen Bakım ve Yönetim Hiz. A.Ş.	-	-	-	(1.476.620)
Other*	97.575	25.254	-	(43.456.326)
	<u>30.997.202</u>	<u>10.250.779</u>	<u>88.210.482</u>	<u>22.919.176</u>

* As per the legal status of the subsidiary Akenerji Elektrik Üretim A.Ş., this total represents the total related to shareholders other than those included in the Akkök Group.

** Sold to Aksu İplik Dokuma ve Boya Apre Fab. A.Ş. as at 6 July 2007 and therefore stated among related parties.

*** The portion of TRY 11.603.944 is related to the sales of Akal Tekstil Sanayii A.Ş. shares.

**** Includes shares of Akenerji Elektrik Üretim A.Ş. and Ak Havacılık ve Ulaştırma Hizmetleri A.Ş. sold at TRY 46.311.244 and TRY 2.748.176 TRY respectively.

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25. Related Party Disclosures (continued)

Purchases from related parties for the nine month interim periods ended 30 September 2008 and 2007 (TRY):

	1 January 2008- 30 September 2008	1 July 2008- 30 September 2008	1 January 2007- 30 September 2007	1 July 2007- 30 September 2007
Ak-Han Bakım Yönt. Serv.Hizm. Güven. Malz. A.Ş.	535.755	187.310	256.876	(249.861)
Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş.	-	-	-	(189.000)
Aksu İplik Dokuma ve Boya Apre Fabrikaları T.A.Ş.	103.406	10.672	389.511	109.848
Dinkal Sigorta Acenteliği A.Ş.	959.714	93.677	1.211.402	(985.655)
Akkim Kimya San. ve Tic. A.Ş.	47.188.706	15.965.166	41.434.134	14.148.483
Üçgen Bakım ve Yönetim Hiz. A.Ş.	-	-	-	(48.277)
Ak-Al Tekstil Sanayii A.Ş.	1.177.062	186.282	1.874.848**	1.874.848**
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	5.344.922	2.677.714	19.621.792***	16.995.498
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	1.134.379	478.583	1.271.418	436.664
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	1.699.013	657.125	675.410	530.704
Akmetem Poliüretan Sanayi ve Ticaret A.Ş.	70.981	17.237	-	-
Akenerji Elektrik Üretim A.Ş.	71.530.636	26.081.064	66.394.868	66.394.868
Akport Tekirdağ Liman İşletmeleri A.Ş.	-	(2.207)	-	-
Other *	-	-	-	(21.073.455)
	<u>129.744.574</u>	<u>46.352.623</u>	<u>133.130.259</u>	<u>77.944.665</u>

* As per the legal status of the subsidiary Akenerji Elektrik Üretim A.Ş., this total represents the total related to shareholders other than those included in the Akkök Group.

** Sold as at 6 July 2007 and therefore stated among related parties.

*** The portion of TRY 16.250.000 is related to the purchase of Aktops Tekstil Sanayi A.Ş. shares from Akkök Sanayi Yatırım ve Geliştirme A.Ş.

As of 30 September 2008, remuneration provided to top executives such as the CEO and members of the Board of Directors amount to TRY 3.121.960 (30 September 2007 – TRY 3.715.294).

Notes to the Interim Consolidated Financial Statements
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26. Types and Levels of Risk Arising from Financial Instruments

i. Foreign Currency Risk

Balances of foreign currency transactions of the Parent Company and its subsidiaries originating from operations, investment and financial activities as of the reporting date are stated below. In relation to the debited and credited amounts in foreign currency, the Parent Company and its subsidiaries may be exposed to foreign currency risk at times when the exchange rates vary. The said foreign currency risk is limited through continuous analysis of foreign currency position.

The foreign currency sensitivity analysis of the Parent Company and its subsidiaries is as follows:

As of 30 September 2008, had all foreign currencies gained/lost value by 20% against the New Turkish Lira with all other variables remaining constant, the profit/loss before tax would have been lower/higher by TRY 39.004.716 as a result of the foreign exchange loss/profit of TRY 19.118.482, net, arising from the net foreign currency position and the assets would have been lower/higher by TRY 19.886.234 due to the capitalized finance cost.

As of 31 December 2007, had all foreign currencies gained/lost value by 10% against the New Turkish Lira with all other variables remaining constant, the profit/loss before tax would have been lower/higher by TRY 16.135.868 as a result of the foreign exchange loss/profit of TRY 13.970.813, net, arising from the net foreign currency position and the assets would have been lower/higher by TRY 2.165.055 due to the capitalized finance cost.

As of 30 September 2008 and 31 December 2007, the assets and liabilities of the Parent Company and its subsidiaries denominated in foreign currencies consist of the following (TRY):

On total basis;

	<u>30 September 2008</u>	<u>31 December 2007</u>
A. Foreign Currency Assets	405.263.686	327.126.685
B. Foreign Currency Liabilities	(309.671.276)	(187.418.554)
Net Foreign Currency Position (A-B)	95.592.410	139.708.131

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Notes to the Interim Consolidated Financial Statements
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26. Types and Levels of Risk Arising from Financial Instruments (continued)

i. Foreign Currency Risk (continued)

As of 30 September 2008 and 31 December 2007, the assets and liabilities denominated in foreign currencies consist of the following (TRY) (continued):

Detailed on foreign currency basis;

	Foreign Currency	30 September 2008		31 December 2007	
		Amount	TRY Equivalent	Amount	TRY Equivalent
Cash and cash equivalents	USD	34.795.630	42.854.298	23.881.577	27.814.872
	EURO	426.388	766.560	274.998	470.302
	GBP	3.208	7.260	6.494	15.104
Trade receivables	USD	274.677.832	338.293.217	235.987.164	274.854.250
	EURO	12.565.038	22.589.425	13.448.608	22.999.809
Non-trade receivables	USD	557.901	687.111	723.842	843.059
	EURO	36.609	65.815	69.129	118.224
	GBP	-	-	1.494	3.475
Advances given	USD	-	-	-	-
	EURO	-	-	4.438	7.590
TOTAL ASSETS			405.263.686		327.126.685
Trade payables	USD	(106.914.354)	(131.675.718)	(85.079.767)	(99.568.851)
	EURO	(400.797)	(720.552)	(458.362)	(787.649)
	GBP	(774.097)	(1.751.859)	(4.768)	(11.148)
	JPY	(1.140.000)	(13.298)	-	-
Financial debts	USD	(142.505.561)	(175.509.849)	(74.380.304)	(87.047.270)
Non-trade payables	USD	-	-	(3.107)	(3.636)
TOTAL LIABILITIES			(309.671.276)		(187.418.554)
TOTAL			<u>95.592.410</u>		<u>139.708.131</u>

The total exports and imports of the Parent Company and its subsidiaries for the nine month periods ended 30 September 2008 and 2007 are as follows (TRY):

	<u>30 September 2008</u>	<u>30 September 2007</u>
Total imports	365.530.360	378.752.037
Total exports	525.029.310	566.697.300

As of 30 September 2008 and 31 December 2007, the hedging rate of the Company's total foreign currency liability is as follows (TRY):

	<u>30 September 2008</u>	<u>31 December 2007</u>
Hedging rate of total foreign currency liabilities (%)	1 %	0 %

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Notes to the Interim Consolidated Financial Statements
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26. Types and Levels of Risk Arising from Financial Instruments (continued)

ii. Doubtful Receivables Risk

The Parent Company and its subsidiaries have made provision for doubtful receivables developed until the reporting date.

iii. Liquidity Risk

The funding risk of current and future loan requirements is monitored through maintaining continuous access to sufficient number of high quality commercial credit companies. The Parent Company and its subsidiaries create funds through converting short term financial instruments such as trade receivables into cash.

Holding financial instruments may lead to failure of the counterparty to fulfill the terms and conditions of the agreement. The Company management takes measures to prevent such risks through limiting the average risk for the counterparty (except for the related parties) at each agreement, and receiving guarantees if necessary.

As of 30 September 2008, the distribution of financial assets and liabilities of the Parent Company and its subsidiaries as per the related maturities is as follows (TRY):

	30 September 2008			
	Up to 3 months	3-12 months	1 year and over	Total
Current Assets	351.395.383	96.887.451	1.135.160	449.417.994
Cash and cash equivalents	52.872.641	-	-	52.872.641
Trade receivables	253.410.256	92.263.003	1.134.296	346.807.555
Due from related parties	5.018.634	4.624.448	864	9.643.946
Other receivables	24.733.665	-	-	24.733.665
Non-trade receivables from related parties	15.360.187	-	-	15.360.187
Non-current assets	-	-	12.493.796	12.493.796
Trade receivables	-	-	12.493.796	12.493.796
Short term liabilities	210.763.913	50.774.263	814.302	262.352.478
Financial debts	56.556.135	35.296.702	811.492	92.664.329
Trade payables	126.054.581	15.477.561	-	141.532.142
Due to related parties	25.525.763	-	-	25.525.763
Other payables	2.627.434	-	-	2.627.434
Non-trade payables to related parties	-	-	2.810	2.810
Long term liabilities	-	-	98.614.212	98.614.212
Financial debts	-	-	98.614.212	98.614.212

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Notes to the Interim Consolidated Financial Statements
for the nine months period ended 30 September 2008

26. Types and Levels of Risk Arising from Financial Instruments (continued)

iii. Liquidity Risk (continued)

As of 31 December 2007, the distribution of financial assets and liabilities of the Parent Company and its subsidiaries as per the related maturities is as follows (TRY):

	31 December 2007			
	Up to 3 months	3-12 months	1 year and over	Total
Current Assets	217.384.088	158.907.471	-	376.291.559
Cash and cash equivalents	59.673.800	-	-	59.673.800
Trade receivables	125.631.749	144.234.508	-	269.866.257
Due from related parties	10.934.006	-	-	10.934.006
Other receivables	20.978.045	-	-	20.978.045
Non-trade receivables from related parties	166.488	14.672.963	-	14.839.451
Non-current Assets	-	-	2.907.091	2.907.091
Trade receivables	-	-	2.907.091	2.907.091
Short term liabilities	181.541.114	27.656.189	2.810	209.200.113
Financial debts	54.450.752	25.719.698	-	80.170.450
Trade payables	106.149.925	1.936.491	-	108.086.416
Due to related parties	18.005.949	-	-	18.005.949
Other debts	2.934.488	-	-	2.934.488
Non-trade payables to related parties	-	-	2.810	2.810
Long term liabilities	-	-	21.650.550	21.650.550
Financial debts	-	-	21.650.550	21.650.550

iv. Interest Risk

The financial loan agreements of the Parent Company and its subsidiaries are denominated in USD, and the interest rates of the short term loans are fixed. Long term loans consist of investment credits and the interest rates are variable. The borrowing costs of long term loans are capitalized through reference to the related investments. As the payments are made in foreign currency, it is assumed that the market interest rate will not be subject to considerable changes until the maturity date; hence the interest rate risk is considered to be negligible.

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Notes to the Interim Consolidated Financial Statements for the nine months period ended 30 September 2008

27. Financial Instruments

The Parent Company and its subsidiaries believe that the recorded value of the financial instruments reflect their fair values. Fair value is the amount for which a financial instrument could be exchanged between two willing parties in an arm's length transaction. It is primarily considered the same as the quoted value of the financial instrument; however in case there is no quoted value, the purchase or sales value of an instrument is deemed to be the fair value of the financial instrument. The significant accounting policies of the Parent Company and its subsidiaries related to financial instruments are disclosed in Note 2 "Presentation of Financial Statements" (a) "Financial Instruments".

For hedging purposes against foreign currency risk, the Parent Company has made American knock out reverse participant forward transactions and the current value of the outstanding forward contract have been calculated as of 30 September 2008 by referring to internal pricing models and the unrealized foreign exchange gains amounting to TRY 109.441 have been recognized in the statement of income (30 September 2007 - none). As of 30 September 2008, the amount, maturity, calculated income and expense accruals of the forward contracts are as follows:

<u>Maturity Date</u>	<u>Date of Contract</u>	<u>Value of Currency (x)</u>	<u>Type of Currency</u>	<u>Total</u>	<u>Calculated Income/Expense Accrual (TRY)</u>
30 October 2008	25 March 2008	2,1100 ≤ x 1,7000 ≤ x ≤ 2,1100	EUR	325.000 162.500	46.305
				Transaction is annulled	
8 October 2008	13 August 2008	1,7000 ≥ x 1,3400 ≤ x 1,1400 ≤ x ≤ 1,3400	USD	310.000 155.000	13.256
				Transaction is annulled	
3 October 2008	3 September 2008	1,1400 ≥ x 1,2700 ≤ x 1,1400 ≤ x ≤ 1,2700	USD	3.000.000 1.000.000	30.077
				Transaction is annulled	
5 December 2008	3 September 2008	1,1400 ≥ x 1,2870 ≤ x 1,1500 ≤ x ≤ 1,2870	USD	3.000.000 1.500.000	-25.379
				Transaction is annulled	
	11 September	1,1500 ≥ x			
14 October 2008	2008	1,3000 ≤ x 1,1400 ≤ x ≤ 1,3000	USD	2.300.000 1.150.000	<u>45.182</u>
				Transaction is annulled	
		1,1400 ≥ x			<u>109.441</u>

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Notes to the Interim Consolidated Financial Statements
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28. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements

- a) As of 30 September 2008, insurance on assets amounts to TRY 24.482.948 and USD 240.746.823 (31 December 2007 – TRY 49.834.811 and USD 201.215.418).
- b) As per the Valuation Report of June 2008 prepared by Kapital Karden Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş., the Parent Company and its subsidiary Akpa Tekstil İhracat Pazarlama A.Ş. have transferred 33.000 participation shares of Akhan Bakım Yönetim Servis Hizmetleri Güvenlik Malzemeleri Tic. A.Ş. with nominal value TRY 33.000 to the shareholder Akkök Sanayi Yatırım ve Geliştirme A.Ş. at a total value of TRY 399.300.